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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Wedge Alternatives LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

500 Fifth Avenue, Suite 3000

(No. and Street)

New YorkNY10110

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Acquavella, Chiarelli, Shuster, Berkower & Co., LLP

(Name - if individual, state last, first, middle name)

517 Route 1, Suite 1002IselinNJ08830

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions

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Washington, DC

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

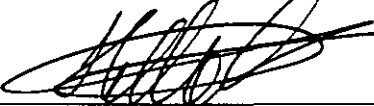
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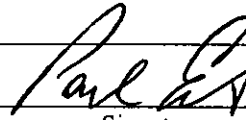
OATH OR AFFIRMATION

I, Paul Ebert, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Wedge Alternatives LLC, as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Stella Sinyak
Notary Public State of New York
No. 01516143303
Qualified in New York County
Commission Expires 04/03/2010



Notary Public



Signature

CFO

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Supplemental Report of Independent Auditors on Internal Control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

WEDGE ALTERNATIVES LLC

REPORT PURSUANT TO RULE 17a-5(d)

DECEMBER 31, 2007

WEDGE ALTERNATIVES LLC

TABLE OF CONTENTS

DECEMBER 31, 2007

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Condition as at December 31, 2007	2
Statement of Operations Year Ended December 31, 2007	3
Statement of Changes in Member's Equity Year Ended December 31, 2007	4
Statement of Cash Flows Year Ended December 31, 2007	5
Notes to Financial Statements	6 – 7
Supplementary Information:	
Independent Auditors' Report on Supplementary Information Required by Rule 17a-5(g)(1) of the Securities and Exchange Commission	8
Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	9

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INDEPENDENT AUDITORS' REPORT

To the Member of
Wedge Alternatives LLC
New York, New York

We have audited the accompanying statement of financial condition of **Wedge Alternatives LLC** (the "Company") as of December 31, 2007, and the related statements of operations, changes in member's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Wedge Alternatives LLC** as of December 31, 2007 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Acquavella, Chiarelli, Shuster, Berkower & Co., LLP

Iselin, New Jersey
February 21, 2008

WEDGE ALTERNATIVES LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2007

ASSETS

Cash	\$60,971	
Receivable from affiliate	21,897	
Office equipment, net of accumulated depreciation of \$1,938	2,166	
Prepaid expenses	<u>1,190</u>	
Total assets		<u>\$86,224</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities		
Accounts payable and accrued expenses	\$ 19,682	
Income taxes payable	<u>9,052</u>	
Total liabilities		28,734
Member's equity		<u>57,490</u>
Total liabilities and member's equity		<u>\$ 86,224</u>

The accompanying notes are an integral part of these financial statements.

WEDGE ALTERNATIVES LLC

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2007

Revenues:

Administration services fees	\$145,640	
Other income	<u>35,000</u>	
Total revenues		<u>\$180,640</u>

Expenses:

Employee compensation and benefits	46,601	
Travel and entertainment	5,784	
Telephone	3,220	
Rent	17,144	
Consulting fees	27,250	
Professional fees	14,964	
Regulatory fees	6,065	
Depreciation	2,472	
Other expenses	<u>8,898</u>	
Total expenses		<u>132,398</u>

Net income before incomes taxes	48,242
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Provision for income taxes	<u>15,964</u>
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Net income	<u>\$ 32,278</u>
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The accompany notes are an integral part of these financial statements.

WEDGE ALTERNATIVES LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

YEAR ENDED DECEMBER 31, 2007

Balance, January 1, 2007	\$ 25,212
Net income	<u>32,278</u>
Balance, December 31, 2007	<u>\$ 57,490</u>

The accompany notes are an integral part of these financial statements.

WEDGE ALTERNATIVES LLC

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2007

OPERATING ACTIVITIES:

Net income		\$ 32,278
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 2,472	
Increase in cash flows as a result of changes in asset and liability account balances:		
Receivables from affiliate	(21,897)	
Prepaid expenses	(1,190)	
Accounts payable and accrued expenses	19,682	
Income taxes payable	<u>9,052</u>	
Total adjustments		<u>8,119</u>
Net cash provided by operating activities		40,397

INVESTING ACTIVITIES:

Cash flows provided by investing activities:		
Net disposition of property and equipment		<u>3,315</u>
Net increase in cash		43,712
Cash, January 1, 2007		<u>17,259</u>
Cash, December 31, 2007		<u>\$ 60,971</u>

The accompanying notes are an integral part of these financial statements.

WEDGE ALTERNATIVES LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

1. Organization

Wedge Alternatives LLC (the "Company") is a Delaware limited liability company formed on February 22, 2006 and is wholly owned by Wedge Alternatives (USA) Inc. (the "Parent" or "Member"). On March 12, 2007, the Company became a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under the exemptive provisions of Securities and Exchange Commission Rule 15c3-3(k)(2)(i). The Company's broker dealer activity is to provide private placements of securities. The Company also provides certain administrative services for Wedge Alternatives, Inc. (pursuant to an administration services agreement). Wedge Alternatives Inc. is the sole shareholder of Wedge Alternatives (USA) Inc.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

b) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

c) Administration Services Fees

Administration services fees are recognized when earned.

d) Depreciation and Amortization

Office equipment is stated at cost. Depreciation is computed using the straight-line method over its useful lives.

e) Income Taxes

The Company is not a taxpaying entity for Federal income tax purposes. Income of the Company is taxed to the member in its respective returns. However, the Company is subject to New York City unincorporated business tax based on its net income. Accordingly, the Company provides for unincorporated business taxes on a current basis, in addition to its share of income taxes as a result of its operations. There are no material differences between financial and tax bases, that would give rise to a provision or credit for deferred income taxes.

f) Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company places its cash with high credit quality financial institutions, which at times may be in excess of the FDIC insurance limit.

WEDGE ALTERNATIVES LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

3. Equipment

Equipment consists of the following:

Office equipment	\$ 4,103
Less: Accumulated depreciation	<u>(1,938)</u>
	<u>\$ 2,166</u>

Depreciation expense for the year ended December 31, 2007 was \$2,472.

4. Income Taxes

The Company files its tax return on a cash basis with its Parent and all tax liabilities are assumed by the Parent. The Company is not a tax paying entity for Federal and local income tax purposes, but is subject to New York City unincorporated business taxes on its taxable income. The Company records its share of federal and local income taxes resulting from its operations. The following is a detail of income tax expense:

Federal	\$ 6,814
State and City	<u>9,150</u>
Total	<u>\$15,964</u>

5. Related Party Transactions

The Company has an administration services agreement with Wedge Alternatives Inc. whereby the Company provides support and administrative services and is reimbursed at a rate of 110% of its costs and expenses.

For the year ended December 31, 2007 the Company earned \$145,640 pursuant to the agreement and as of December 31, 2007, \$21,897 is owed by Wedge Alternatives Inc. to the Company.

6. Net Capital Requirement

The Company is a member of FINRA, and is subject to the SEC Uniform Net Capital Rule 15c3-1. This rule requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2007, the Company had net capital of \$32,237, which was \$27,237 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .89 to 1.

7. Commitments

The Company subleased its office space under a lease agreement which expired on December 15, 2007. The Company is continuing leasing certain premises on a month to month basis.

ACSB

Acquavella, Chiarelli, Shuster, Berkower & Co., LLP

Certified Public Accountants and Advisors

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION
REQUIRED BY RULE 17a-5
OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Member
Wedge Alternatives LLC
New York, New York

Our report on our audit of the basic financial statements of **Wedge Alternatives LLC** for the year ended December 31, 2007 appears on Page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Acquavella, Chiarelli, Shuster, Berkower & Co., LLP

Iselin, New Jersey
February 21, 2008

WEDGE ALTERNATIVES LLC

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2007

Total member's equity		\$ 57,490
Deduct non-allowable assets:		
Receivable from affiliate	\$ 21,897	
Fixed assets, net	2,166	
Prepaid expenses	<u>1,190</u>	
		<u>25,253</u>
Net capital		<u>\$ 32,237</u>
Aggregate indebtedness:		
Accounts payable, accrued expenses, and income taxes payable		<u>\$ 28,734</u>
Computation of basic net capital requirement:		
Minimum net capital required (greater of 6 2/3% of aggregate indebtedness or \$5,000 minimum dollar net capital)		<u>\$ 5,000</u>
Excess net capital		<u>\$ 27,237</u>
Percentage of aggregate indebtedness to net capital		89%

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17A-5, Part IIA filing as of December 31, 2007.

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SUPPLEMENTAL REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1)

To the Member
Wedge Alternatives LLC
New York, New York

In planning and performing our audit of the financial statements and supplemental schedules of **Wedge Alternatives LLC** (the "Company") as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or "aggregate debits") and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulations T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control, and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibilities are safeguarded against loss from unauthorized use or disposition, and transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitation in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design of operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007, to meet the Commission's objectives.

This report is intended solely for the use of management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Acquavella, Chiarelli, Shustler, Berkower + Co., LLP

Iselin, New Jersey
February 21, 2008

END